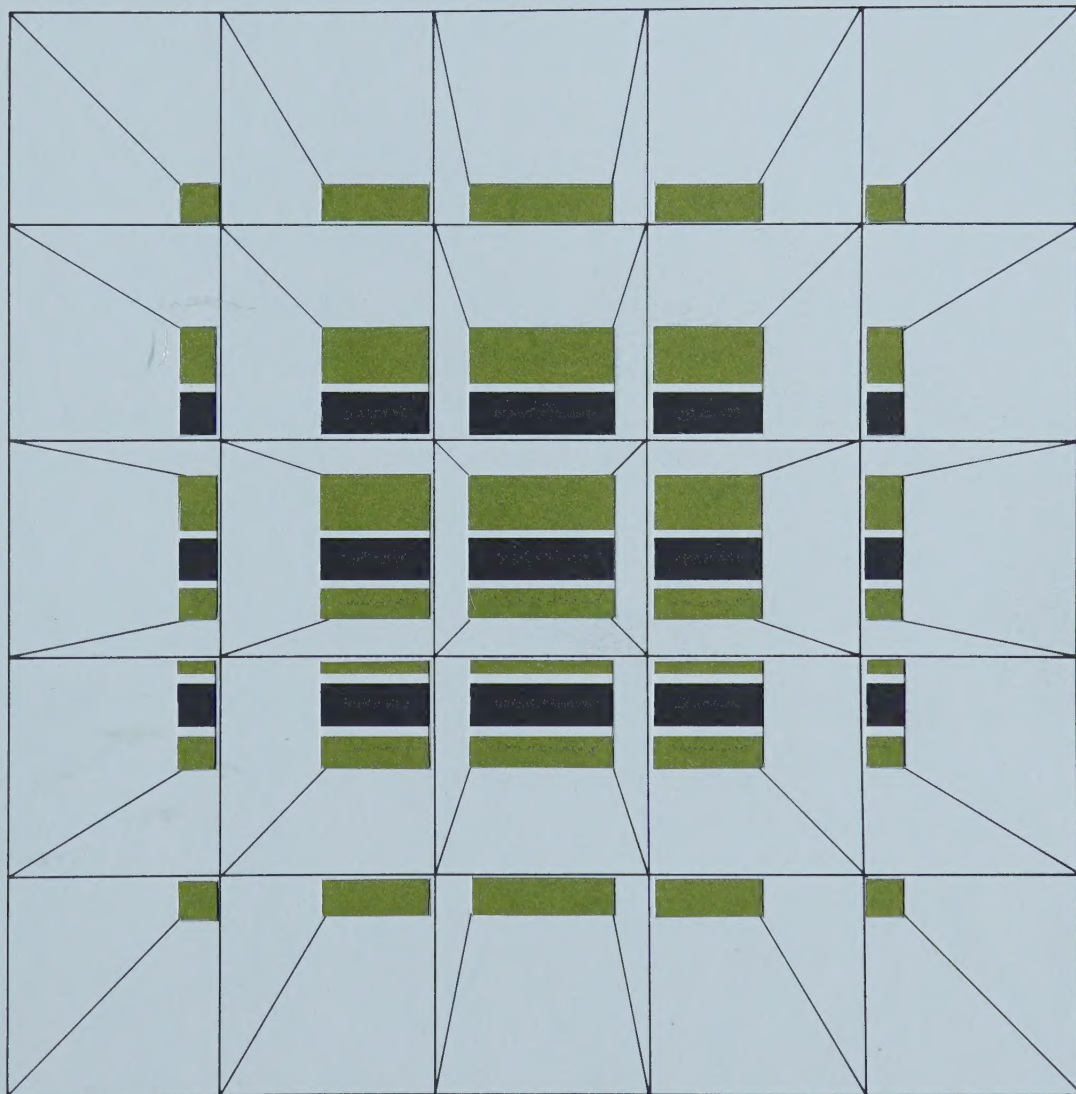
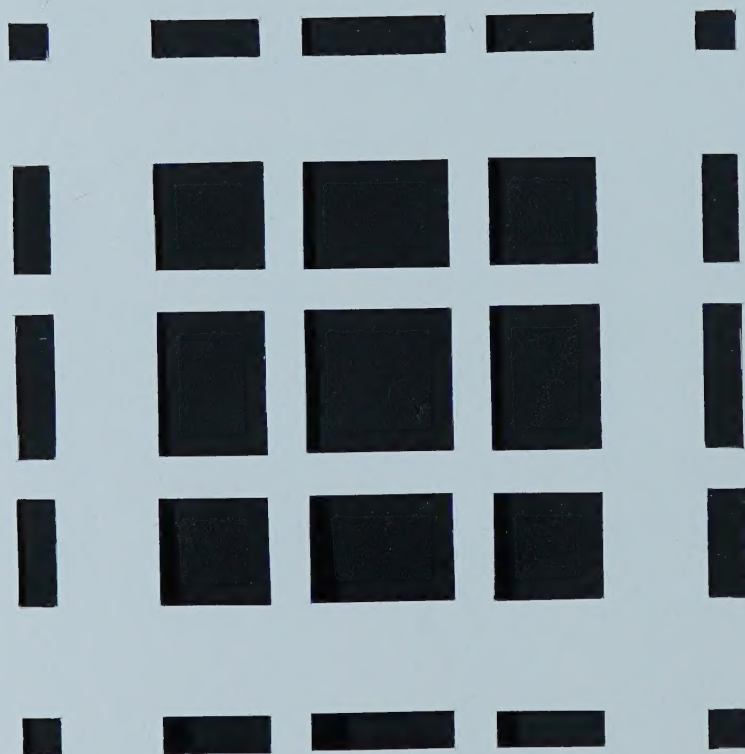


**Markborough  
Properties  
Limited**  
**Annual Report  
1972**







**Markborough  
Properties  
Limited  
Annual Report  
1972**

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## Operating, Financial and Statistical Highlights

1972 was the seventh complete year of operations of the Company.

A five year historical comparison of financial highlights is presented below.

	1972	1971	1970	1969	1968
<b>Operating</b>					
Revenue from income properties	\$5,233,700	\$4,953,500	\$4,754,200	\$3,771,300	\$3,013,500
Revenue from land operations	7,046,800	3,465,700	4,002,000	7,410,300	2,855,700
Income before taxes	2,041,500	1,057,100	1,426,700	2,615,200	871,300
Net income after taxes	984,500	540,100	694,700	810,200	427,300
<b>Financial</b>					
Undeveloped land	27,778,300	27,984,900	25,591,900	22,054,300	16,787,300
Income properties	38,095,500	35,772,000	31,373,300	30,095,000	27,880,400
Bank debt	920,000	1,434,900	1,335,200	3,937,500	6,325,200
Mortgage and debenture debt	43,294,600	39,762,300	32,194,800	29,486,300	21,410,600
Share capital	20,614,600	18,590,600	18,590,600	18,590,600	18,568,400
<b>Per common share — weighted average</b>					
Net income	26.4¢	14.8¢	19.0¢	22.2¢	11.7¢
Cash flow from operations	70.3¢	44.4¢	54.2¢	85.1¢	34.5¢
<b>Statistical</b>					
Common shares outstanding at year end	3,944,299	3,652,294	3,652,294	3,652,294	3,648,494
Number of shareholders	2,390	2,425	2,476	2,364	1,988
Ratio of income properties to land held for development	1.4 to 1	1.3 to 1	1.2 to 1	1.4 to 1	1.7 to 1
Ratio of bank, mortgage and debenture debt to equity	1.8 to 1	1.9 to 1	1.6 to 1	1.7 to 1	1.4 to 1

# Markborough Properties Limited

Head Office  
50 Holly Street, Toronto  
M4S 2E9

## Directors

### D. S. Anderson

Chairman and Chief Executive Officer  
Metro Centre Developments Limited  
Toronto

### R. C. Brown

Partner  
Blake, Cassels & Graydon, Toronto

### R. L. Friend

Vice President  
Investors Syndicate Limited, Winnipeg

### R. H. Gane

Deputy Chairman and  
Managing Director  
George Wimpey & Co. Limited  
London, England

### A. R. Grant

President  
George Wimpey Canada Limited  
Toronto

### G. C. Gray

President  
A. E. LePage Limited, Toronto

### The Right Honourable Viscount Hardinge

Honorary Chairman  
Greenshields Incorporated, Montreal

### H. P. Langer

Executive Vice President  
Markborough Properties Limited  
Toronto

### D. S. Lyall

Vice President, Finance  
Gulf Oil Canada Limited, Toronto

There are two vacancies  
on the Board of Directors

### B. R. B. Magee

Chairman of the Board  
A. E. LePage Limited, Toronto

### D. B. Mansur

President  
Kinross Mortgage Corporation, Toronto

### A. R. Marchment

Vice President,  
Finance and Administration  
The T. Eaton Company Limited  
Toronto

### P. M. McEntyre

President  
Commercial Trust Company Limited  
Montreal

### J. H. Panabaker

Executive Vice President  
The Mutual Life Assurance  
Company of Canada  
Waterloo

### D. W. Pretty

President  
North American Life Assurance  
Company  
Toronto

### D. F. Prowse

Executive Vice President  
Markborough Properties Limited  
Toronto

### E. D. Scott

Vice President  
Greenshields Incorporated, Toronto

### J. L. Toole

Chairman  
CN Investment Division  
Vice President  
Canadian National Railways  
Montreal

## Officers

Brian R. B. Magee, F.R.I., S.I.R., C.R.E.  
President

H. Peter Langer, F.R.I., S.I.R.  
Executive Vice President

Donald F. Prowse, B.A., C.A.  
Executive Vice President

George H. Mundy, C.A.  
Treasurer

Ronald C. Brown, B.A.  
Secretary

## Legal Counsel

Blake, Cassels & Graydon  
Toronto

Harries, Houser, Brown  
& McCallum  
Toronto

## Auditors

Price Waterhouse & Co.  
Toronto

## Bankers

The Bank of Nova Scotia  
Toronto

The Royal Bank of Canada  
Toronto

## Transfer Agent and Registrar

Canada Permanent Trust Company  
Toronto, Montreal, Halifax, Winnipeg,  
Calgary and Vancouver

## Securities Listed

Montreal Stock Exchange  
Toronto Stock Exchange





Aerial view of major sections of Meadowvale South and Meadowvale Industrial Park. Credit River in foreground



## President's Report



Dear Shareholder:

On October 31, 1972, your Company completed its seventh year of operation. On behalf of the Board of Directors, I am pleased to report that profit after full provision for deferred income taxes was \$984,900 or 26.4¢ per share. This compares to \$540,100 or 14.8¢ per share in 1971.

The long range planning set in motion at the Company's inception is yielding positive results and our expectations for the year were largely achieved. In 1972, Markborough was able to offer a wide range of products and services to a relatively strong real estate market. The response was generally good. Revenue from land operations was double that of the previous year due in large measure to the sale of residential and industrial building sites in the first phase of our 70,000 person Meadowvale development, west of Metropolitan Toronto.

Meadowvale is rapidly gaining momentum and we are gratified at the acceptance of the first residential phase, the 4,500 person Meadowvale South Community, by homebuyers. Builders of detached and semi-detached homes were hard pressed to keep up with demand and townhomes also sold exceedingly well. Meadowvale South features some of the most original housing designs yet seen in Ontario and has received numerous compliments both from within the industry and the public at large.

All residential land in Meadowvale South with the exception of two apartment sites has now been sold. We are presently entering into sales agreements on the two sites and expect that construction will be commenced later this year. A small neighbourhood shopping centre will be developed by the Company in Meadowvale South this year.

Our Meadowvale staff and planners have now turned their full attention to Meadowvale West, a 30,000 person community featuring

an integrated commercial-residential-institutional Town Centre and artificial lake. The first two neighbourhoods of Meadowvale West should be registered and serviced later this year with housebuilders marketing a variety of housing types beginning in the early summer.

Meadowvale's prestigious 400 acre industrial park is developing satisfactorily and current activity suggests several new plants for 1973. Construction was commenced on three head office plants during the year. The National Cash Register Company, Carter-Wallace Inc. and Helena Rubinstein Ltd. all expect to open their plants during 1973 and will employ a total of approximately 400 employees. All three firms have planned for future expansion.

As Meadowvale becomes more visible, we invite our shareholders to share with us the creative satisfaction of seeing a well-planned community develop. The Meadowvale Information Pavilion is open seven days a week and the initial phases of the community are well worth touring.

1972 also witnessed excellent progress in the planning and approval of our Brimley Forest subdivision in the Borough of Scarborough, Metropolitan Toronto. This strategically located 140 acre residential-commercial community should be registered this winter. Servicing of the land is now underway and the housing production has been committed to three builders. Model homes are expected to be completed in the early summer with the first residents taking occupancy in August and September.

We are also conducting marketing studies and preliminary planning on the 25 acre Brimley Forest Shopping Centre. We plan to develop and retain this centre and others through our new Shopping Centre Division, which is now being organized.



Our portfolio of income properties continues to grow with the addition of our 170,000 square foot office building at 240 Duncan Mill Road in the Borough of North York, Metropolitan Toronto. Almost 60 per cent of this highly attractive building has now been leased, in a difficult office leasing market. While we have been disappointed with the recent softness of the Toronto area rental market, we are most pleased with the relatively strong leasing performance of 240 Duncan Mill Road under these circumstances. We believe that the excellent quality and amenities of the building will ensure its success and that most of the remaining space will be leased in the coming year.

Industrial leasing was active during the year and our Industrial Division has continued its successful record. During the year, the division was involved in the construction of 197,000 square feet of multiple tenancy buildings which will be added to the Company's income stream in the coming year. The division also acted as a general contractor on three buildings for other parties at a reasonable profit to the Company. During the year, additional acreage was purchased in the Borough of Scarborough and further lands will be purchased in 1973, providing a well-rounded selection of industrial sites in the Metropolitan Toronto area.

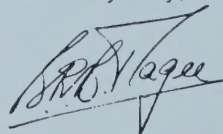
The various properties in our income portfolio performed satisfactorily, although a reduction in profit was shown by some of our older apartment buildings because of substantial repairs during the year. Vacancy levels remained low and recently implemented rental increases should restore the relative profitability of these well located apartment buildings.

Our 850 acre land assembly in Markham, Ontario, referred to in previous annual reports, is now located in the area of the proposed Pickering airport and North Pickering Community. We have been approached by the Provincial Government's land negotiators but at this point in time are not able to report on any arrangements as the negotiations are in a preliminary stage. At the present time, it is not entirely certain whether the airport will be built in this location, although the Government of Ontario has confirmed its intention of proceeding with the North Pickering development. Our Markham assembly remains as a particularly attractive and accessible location, logical for development in the context of good planning and ease of servicing.

We note with considerable regret the resignation of two highly valued Directors of your Company. Dr. James M. Gillies, M.P., and Jack C. Neeley have given excellent counselling to the Company. Their enthusiastic participation will be missed and we sincerely wish them every success in their changing careers.

In closing, I would like to thank the entire Markborough staff for their spirited efforts during the year. With the extent of development slated for 1973, we look forward to a continuing high level of accomplishment.

Yours very truly,

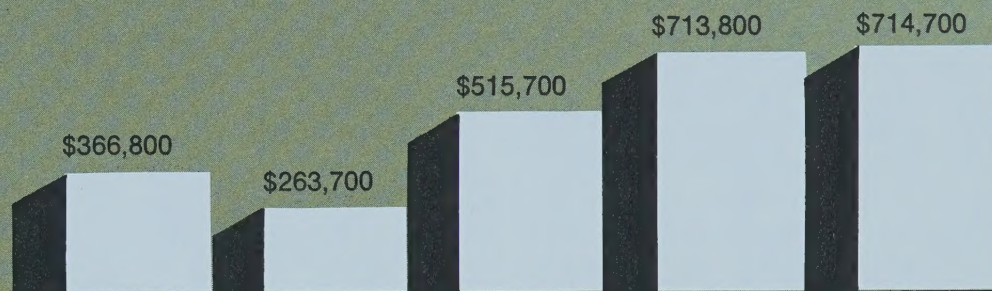


BRIAN R. B. MAGEE,  
President.

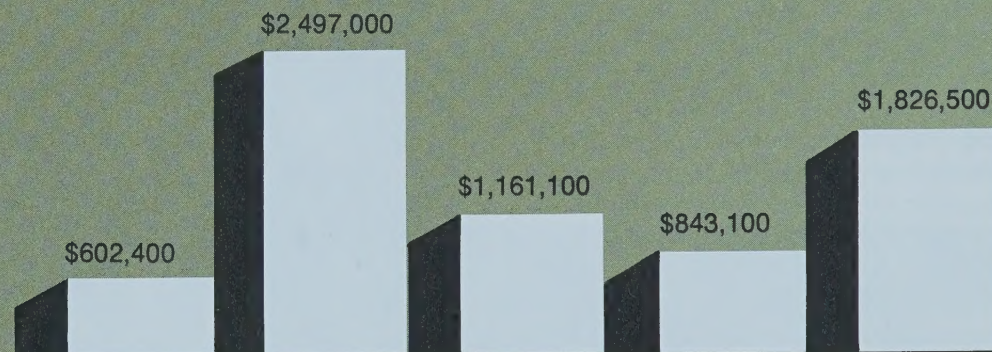
February 5, 1973



Profit from  
income properties



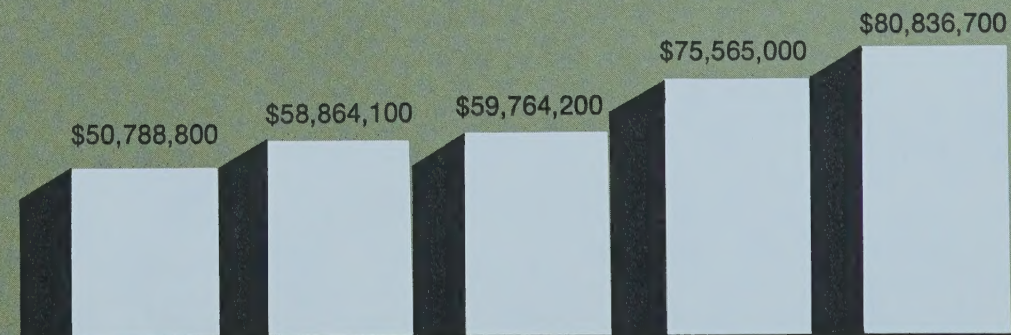
Profit from  
land operations



Net income  
after taxes



Total assets



1968

1969

1970

1971

1972



## Review of Operations

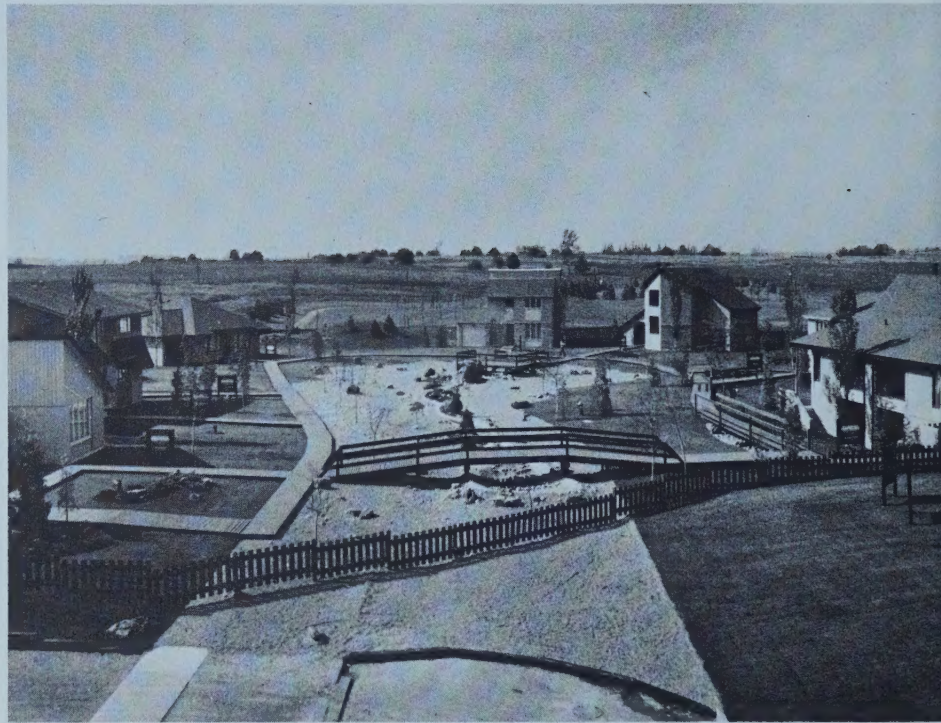
## Meadowvale

Excellent progress is being made in the development of our 70,000 person Meadowvale community, in the Towns of Mississauga and Streetsville. What was vacant land a year ago is now bustling with building activity. A large number of families have already taken up residence in our first neighbourhood, Meadowvale South. Houses have been selling extremely well. Prices have ranged from \$23,000 for attached townhomes to \$42,000 for the largest single-family homes. Backed by a strong marketing programme advertising Meadowvale on television, radio and through the newspapers, the three house-builders at Meadowvale enjoyed quicker sales than had been anticipated. Many of the housing designs offered by the builders are completely new and have been well-received by the public for their innovative qualities. In 1973 further innovative housing to be offered in Meadowvale South will include single-family, detached condominium clusters and terraced apartments.

During the year municipal services were completed for Meadowvale South and much of the Meadowvale Industrial Park. All services in the community are underground. A unique street lighting fixture has been designed for the residential streets and adds further interest to the very unique character of Meadowvale's first residential area.

A major portion of the parkland in Meadowvale South has been developed including a large scale tree-planting programme, walkways, bridges and a small toboggan hill.

The Mullet Creek Diversion was completed during the summer months. This elaborately designed facility will carry storm water to the Credit River during heavy run-off periods and will ensure that no flooding occurs on the lower reaches of the Mullet Creek. A walkway was completed along the edge of the Credit River, tying in with the park system which winds throughout Meadowvale South.



Model home display court, Come-By-Chance Mews, Meadowvale South

Three major industrial plants are presently under construction. The National Cash Register Company of Canada, Limited is building the first phase of its Corporate Headquarters and Data Centre complex at Meadowvale. Two other Canadian head offices and plants are under construction for Helena Rubinstein Limited and the Carter Products Division of Carter-Wallace N.S., Inc. The impressive level of activity in Meadowvale has stimulated interest in the Meadowvale Industrial Park and several negotiations are being carried on for additional industrial development. As part of its continuing programme to promote Meadowvale, the Company participated with the Town of Mississauga in an industrial promotion campaign in West Germany during the year. German language literature was prepared and the results, while of a long-term nature, appear satisfactory.





Mullett Creek Storm Diversion and Energy Dissipator, with Credit River and Plainsman Road housing



Model of NCR Corporate Headquarters and Data Processing Centre, Meadowvale

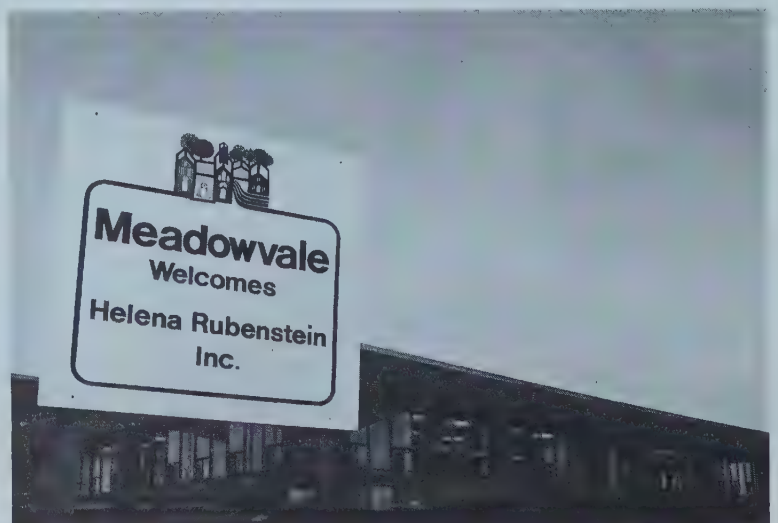


Unique Meadowvale residential street lamp





Townhome cluster, Meadowvale South







The Meadowvale Information Pavilion has proven a valuable tool in the promotion of the development. More than 28,000 people visited the displays in the Pavilion during the year. Among the visitors have been many international planning and design experts who have been most impressed by the style and quality of Meadowvale.

In September, the Town of Streetsville opened an attractive Day-Care Centre in Gattineau Green Park in Meadowvale South. This facility is of particular benefit to working mothers and affords many families an opportunity to work and live in the same community. With the fast build-up of population in Meadowvale South it is hoped that the 20,000 sq. ft. Meadowvale South Shopping Centre will be opened in the Fall of 1973. Negotiations with merchants are almost complete and construction is expected to begin in the early Spring.

Preliminary servicing of the second stage of Meadowvale residential development, the 30,000 person Meadowvale West community, was started recently. Housing production in the first two neighbourhoods will commence in the early summer. 2,459 dwelling units are planned for the two neighbourhoods. The housing mix will include 657 detached and semi-detached homes, 693 townhomes and 1,109 apartment homes. To achieve as much housing variety as possible, much of the town and apartment housing will be integrated. Meadowvale West contains 1,083 acres. 70% of this total has been submitted to the Province of Ontario in Draft Plan form to ensure an on-going supply of building lots and sites for the next several years. A strong marketing programme for Meadowvale West will commence this Spring in co-operation with the Meadowvale West homebuilders.

The first stage of the 67-acre Meadowvale West Town Centre is scheduled to open in the Fall of 1974. When completed, the Centre

will combine shopping facilities, a library, hotel, office uses, church campus, apartments, service station, and a central plaza.

The Meadowvale West lake is currently being designed and is scheduled to open in conjunction with the first phase of the Town Centre. This lake will be the focal point of Meadowvale West.



Hon. Rene Brunelle, Minister of Community and Social Services, at opening of Streetsville Day Care Centre



## Income Properties



240 Duncan Mill Road, from Moatfield Park



Basement elevator lobby, 240 Duncan Mill Road

240 Duncan Mill Road, Borough of North York, Metropolitan Toronto. The market for new office space in Toronto is characterized by an over-supply of space both in downtown and suburban locations. Our third office building, 240 Duncan Mill Road, is leasing well in this difficult market.

The building was selected by BP Canada Limited for a major part of its Canadian operations including its central computer facility. To date, BP has leased a total of 78,000 sq. ft. in the 170,000 sq. ft. building. The Company made the move after a careful evaluation of several buildings in Toronto.

A well-known garment manufacturer, Levi Strauss of Canada, Inc., has recently signed a lease for the top floor of the Duncan Mill building.

Leases have been signed with other tenants for areas ranging from 1,400 to 5,000 sq. ft. Almost 60% of the building is now leased and prospects for leasing the remaining space during 1973 appear good.

The building is attracting considerable attention for its high quality of design and finish. Extensive use has been made of supergraphics in public areas such as stairwells and lobbies. The ground floor lobby is one of



Stairwell design treatment, 240 Duncan Mill Road



the most attractive in Metro-politan Toronto and features sculptured copper panels, full carpeting and an elevator vestibule trimmed in oak. Elevator cabs have been custom-designed.

Early in 1973 a 170-seat cafeteria was opened in the basement of the building and was an instant success. The professionally managed facility is carpeted throughout and carefully appointed in keeping with the character of the building. Other amenities appealing to prospective tenants include a bus route past the building, direct to the Yonge Street Subway extension, and a 400-room hotel now under construction a short distance to the south of Duncan Mill Road.

The Company also owns a parcel of land adjacent to 240 Duncan Mill Road on which a second office building may be built in the future.

**7 & 15 Overlea Boulevard, East York, Metropolitan Toronto.** Our twin office buildings in Thorncliffe Park are performing well and our tenant, the Government of the Province of Ontario appears satisfied with the maintenance and management of these properties.



Cafeteria, 240 Duncan Mill Road



Underground garage, 240 Duncan Mill Road



**Thornccliffe and Westway Apartments, Metropolitan Toronto.** Unusual maintenance and repair costs for some of our older Westway buildings resulted in somewhat lower profits overall for our apartment properties. The apartment buildings in Thornccliffe Park are newer and showed profits slightly above those projected. Our programme of updating the older buildings is continuing. Potentially strong competition from new condominium apartments in the Thornccliffe and Westway areas has not affected our vacancy levels.

Interestingly, several of our Westway apartment residents bought homes in the Meadowvale South community during the past year.

Our apartments in both Thornccliffe and the Westway area are particularly well located in relation to transportation, shopping, educational and recreational facilities. Our suites are larger than those found in most competitive buildings, and we are able to maintain generally satisfactory vacancy levels.

Our Donview Recreation Club in Thornccliffe maintains its popularity thanks to a professional and gregarious staff. Current offerings in the varied social and recreational programmes include discotheque dances, scuba diving classes and bridge clubs.



Lobby renovation, 311 Dixon Road apartments



Replacement of corridor carpeting,  
20 Redgrave Drive



Regina Centre, Regina, Saskatchewan. In October, our highly popular Regina Centre celebrated its 5th Anniversary. The heart of this hotel-commercial development, the Regina Inn, has established a national reputation for hospitality and service. The Inn's catering staff has served as many as 1,900 persons at a sitting and has entertained up to 3,000 persons at one time. The convention facilities are booked well in advance. During the year improvements to the Inn included redecoration of the Steak House, Captain's Mug, Olde Post House, Tiki Theatre Restaurant, lower lobby and several rooms. Colour television was also installed in 200 of the 280 rooms. Improvements were made in the operations and tenant mix of the shopping mall which operates in conjunction with the Inn.

The Inn's management team and staff of over 300 Regina residents look forward to a busy and successful 1973.



Live bull in lobby, Regina Inn



## Summary of Income Properties

(at October 31, 1972)

Metropolitan Toronto		
<i>Apartments:</i>		
Rideau Towers I (50% share)	49 Thorncliffe Park Drive	400 suites
Rideau Towers II (50% share)	53 Thorncliffe Park Drive	279 suites
The Somerset	605 Finch Avenue West	243 suites
The Clarion	20 Redgrave Drive	178 suites
The Westway	416 The Westway	102 suites
Westway Maisonettes	65 Sandwell Drive	16 suites
The Westerham	63 Callowhill Drive	112 suites
311 Dixon Road	311 Dixon Road	173 suites
Martinway Towers (70% share)	695 Martin Grove Road	141 suites
	60 Callowhill Drive	141 suites
<i>Commercial/Industrial:</i>		
Office Building	7 Overlea Boulevard	150,000 sq. ft.
Office Building	15 Overlea Boulevard	160,000 sq. ft.
Industrial Building	75 Horner Avenue	90,000 sq. ft.
Industrial Building	25-49 Coldwater Road	54,000 sq. ft.
Service Station Site (leased to oil company)	418 The Westway	
<i>Under Construction:</i>		
Office Building	240 Duncan Mill Road	170,000 sq. ft.
Industrial Building	310 Judson Street	80,000 sq. ft.
Industrial Building	110 Milner Avenue	30,000 sq. ft.
Industrial Building	120 Milner Avenue	30,000 sq. ft.
Industrial Building (50% share)	3610 Nashua Drive	57,000 sq. ft.
Regina, Saskatchewan		
Regina Centre (50% share) Hotel, shopping complex	1975 Broad Street	240 rooms



## Industrial Division



Construction activity, Rexdale Industrial Park

1972 was another rewarding year for our Industrial Division, which successfully expanded its construction efforts into general contracting for industrial clients. Industrial leasing activity in the Metropolitan Toronto area remained strong throughout the year. The second phase of our Horner-Judson industrial complex, an 80,000 square foot multiple tenancy building in the Borough of Etobicoke, was completed during the year and is now 70% leased. In the Borough of Scarborough, our twin buildings on Milner Avenue have also leased well. One of the two 30,000 square foot buildings is fully occupied, and the other is 73% leased. An additional seven acres has been purchased on Milner Avenue fronting on Highway 401 and including an existing 43,000 square foot building. The building has been leased to Dunlop Canada Ltd. The remaining property will be subdivided for the construction of two additional industrial buildings.



120 Milner Avenue, twin to 110 Milner Avenue



## Shopping Centre Division

The Industrial Division has made good progress in the promotion and development of its two industrial parks, the Meadowvale Industrial Park and the 90-acre Rexdale Industrial Park, in the Town of Mississauga.

In the Rexdale park, a 20,000 square foot plant has been built to order for a client-owner. The shell of the 56,000 square foot multiple plant owned by the Company has also been completed, and is now ready for leasing.

At Meadowvale, the heightened industrial and residential activity has stimulated considerable interest in the 400-acre park. A 6.1-acre sale was recently concluded and other sales are under negotiation. Prospects for the coming year are considered excellent. Any industrial builder may build in the Meadowvale Industrial Park, subject to the strict design and land use controls of Meadowvale's Environmental Development Control.

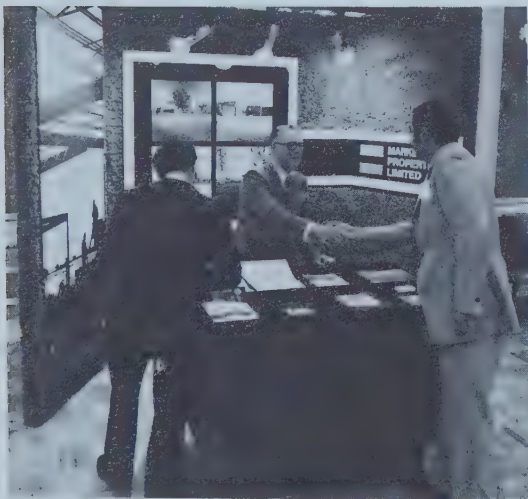
To increase its ability to serve industrial clients with a variety of sites and buildings, the Industrial Division is currently acquiring additional lands in the Metropolitan Toronto area.



Design concept  
Meadowvale South Shopping Centre

The Company is establishing a Shopping Centre Division to develop presently owned and future sites. Preliminary design work has started on three centres: a 250,000 square foot district shopping centre in the Brimley Forest subdivision; a 20,000 square foot neighbourhood shopping centre in Meadowvale South; and a sub-regional centre in the 67-acre Meadowvale West Town Centre.

The Brimley Forest Centre is planned as a two-phased development commencing in 1974. Preliminary market studies anticipate a rapid buildup of the trading area for this centre, and several major prospective tenants are discussing the Centre with us. The Meadowvale South neighbourhood centre is expected to open in the Fall of 1973. The first phase of the unique Meadowvale West Town Centre is scheduled to open in 1974-75.



Industrial Division display booth



## Land Division

**Brimley Forest Subdivision, Borough of Scarborough, Metropolitan Toronto.** The subdivision approval process in Ontario is becoming increasingly complex. From the initial submission of plans to final approval, periods from 24-30 months are not uncommon, with approvals required from as many as 24 different Governmental agencies. In our 140-acre Brimley Forest subdivision, the approval period was held to a minimum due to the determined efforts of our staff and consultants. Final approval is expected in February, 1973.

This subdivision comes on the market at a time of serious shortages of serviced lots and sites in Metropolitan Toronto. More than a dozen builders were interested in acquiring land in Brimley Forest. The three builders selected have excellent reputations and are respected for their design capabilities.

There has been a strong demand for housing in the \$35,000 to \$55,000 range in the general area of the development. The final approved plan of the subdivision includes 93 forty and fifty foot single family lots, sites for 18 street townhouses, four parcels of land for 208 townhouses, a site for 199 units of innovative terraced apartments, and a 480 suite apartment site.



The remaining land is allocated to a 20-acre wood lot park, a 27-acre public school campus, a separate school site and a 25-acre district shopping centre to be developed by Markborough.

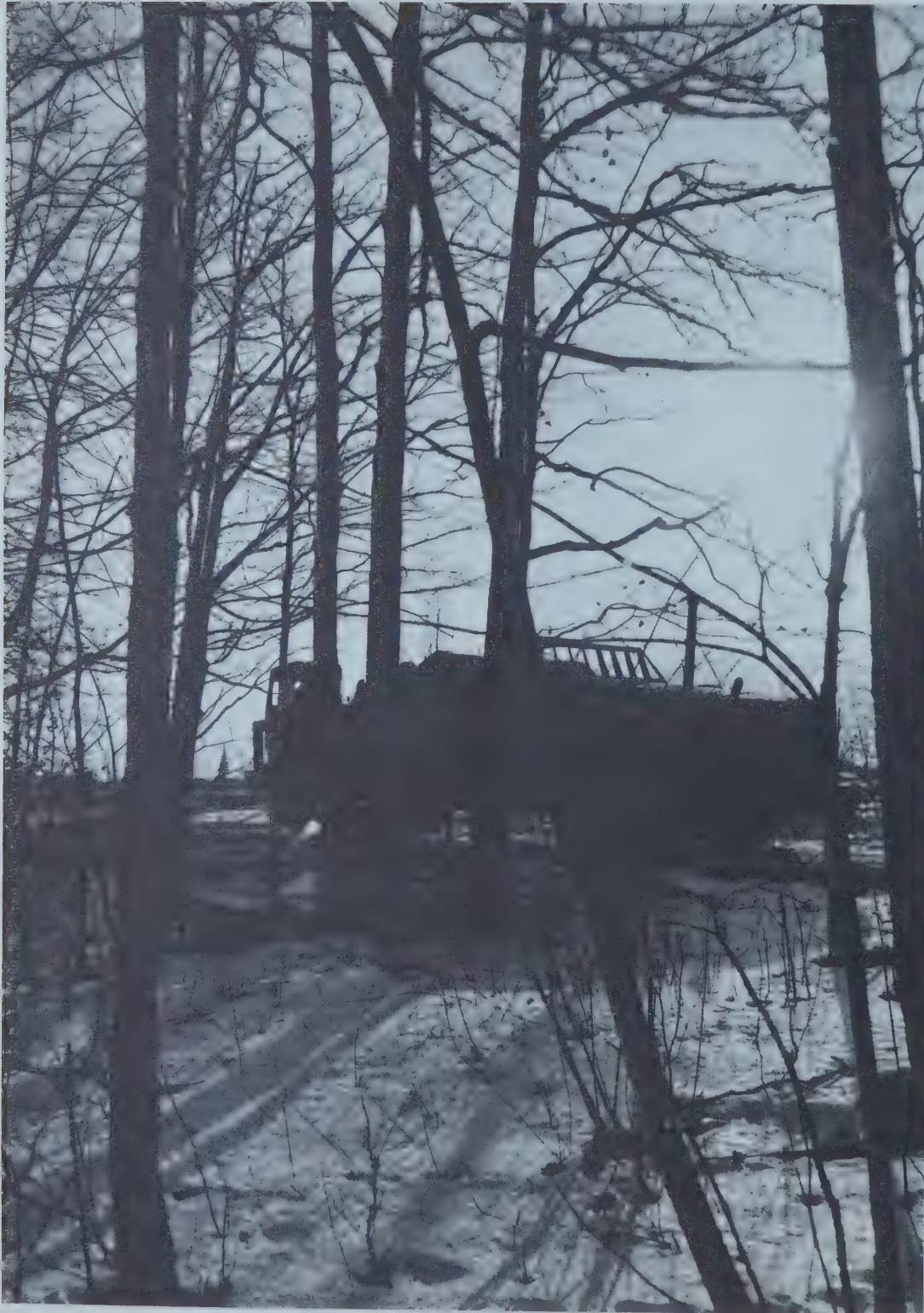
Servicing of the subdivision is now underway, and home builders should have model homes available in May or June of 1973. The first residents are expected to take occupancy in August or September of 1973.

In keeping with the Company's policy of acquiring



Installation of services, Brimley Forest Subdivision





additional residential lands to replace those which have been sold, the Company recently entered into agreements to purchase two adjoining plots of land totaling 179 acres near the centre of Whitby, Ontario, to the east of Metropolitan Toronto.

Our 858-acre land holding in the Township of Markham, Ontario, is substantially affected by the proposed location of the Pickering Airport and adjoining North Pickering town site. Approximately 165 acres are located within the airport site and 495 acres are within the proposed town site. The remaining acreage is located just outside the town site.

The Government of Canada is assembling land for the airport site and the Government of the Province of Ontario is responsible for the town site land assembly.

Some preliminary discussions have been held with negotiators for the Provincial Government. The Federal Government has indicated its intention to expropriate the lands located within the airport site.

The Company is continuing its efforts to commence the first phase of a commercial development on our downtown Winnipeg property. Preliminary negotiations have been held with a number of potential tenants who have expressed interest in locating on this 4.58-acre site.







**PRICE WATERHOUSE & CO.**  
Chartered Accountants

P.O. Box 51  
Toronto-Dominion Centre  
Toronto 111, Ontario

November 30, 1972

To the Shareholders of  
Markborough Properties Limited:

We have examined the consolidated balance sheet of Markborough Properties Limited and its subsidiaries as at October 31, 1972 and the consolidated statements of income and expenses, retained earnings and source and application of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at October 31, 1972 and the results of their operations and the source and application of their cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**PRICE WATERHOUSE & CO.**  
Chartered Accountants



## Markborough Properties Limited

### Consolidated Statement of Income and Expenses

For the Year Ended October 31, 1972

(with comparative figures for 1971)

	1972	1971
Revenue from income properties (Note 1)	\$5,233,700	\$4,953,500
Less:		
Operating expenses	1,293,200	1,160,700
Mortgage and other interest	1,713,900	1,615,600
Realty taxes	933,000	898,000
Depreciation (Note 2)	578,900	565,400
	<u>4,519,000</u>	<u>4,239,700</u>
Profit from income properties	714,700	713,800
Revenue from land operations	7,046,800	3,465,700
Less cost	<u>5,220,300</u>	<u>2,622,600</u>
Profit from land operations (Note 3)	1,826,500	843,100
Interest and other income	285,000	135,200
<b>Income before general and administrative expenses</b>	<u>2,826,200</u>	<u>1,692,100</u>
General and administrative expenses:		
Executive and office salaries	377,400	319,400
Bank and debenture interest	108,300	22,400
Other	299,000	293,200
	<u>784,700</u>	<u>635,000</u>
<b>Net income before income taxes</b>	<u>2,041,500</u>	<u>1,057,100</u>
Provision for income taxes, deferred (Note 4):		
Regular	989,000	517,000
Additional (Note 5)	68,000	—
	<u>1,057,000</u>	<u>517,000</u>
<b>Net income for the year</b>	<u>\$ 984,500</u>	<u>\$ 540,100</u>
<b>Earnings per share</b> (based on weighted average of shares outstanding during the year) — (Note 14(d))	<u>26.4¢</u>	<u>14.8¢</u>

### Consolidated Statement of Retained Earnings

For the Year Ended October 31, 1972

(with comparative figures for 1971)

	1972	1971
Retained earnings at beginning of year	\$2,606,000	\$2,065,900
Net income for the year	984,500	540,100
<b>Retained earnings at end of year</b>	<u>\$3,590,500</u>	<u>\$2,606,000</u>



**Markborough Properties Limited**  
(incorporated under the laws of Ontario)

**Consolidated Balance Sheet — October 31, 1972**  
(with comparative figures at October 31, 1971)

<b>Assets</b>	<b>1972</b>	<b>1971</b>
Accounts receivable	\$ 930,300	\$ 437,600
Mortgages and other secured receivables (Note 6)	6,060,200	3,886,700
Land (Note 7):		
For sale (Note 8)	7,250,500	6,777,800
For future development	<u>27,778,300</u>	<u>27,984,900</u>
	35,028,800	34,762,700
Prepaid expenses and other assets	721,900	706,000
Income properties (Note 7):		
Land	4,406,100	3,972,500
Buildings	28,670,700	27,026,300
Equipment	1,231,000	1,205,200
Construction in progress (Note 9)	<u>6,848,400</u>	<u>6,049,800</u>
	41,156,200	38,253,800
Less accumulated depreciation	<u>3,060,700</u>	<u>2,481,800</u>
	38,095,500	35,772,000
On behalf of the Board:		
B. R. B. Magee, <i>Director</i>		
D. F. Prowse, <i>Director</i>	<u>\$80,836,700</u>	<u>\$75,565,000</u>



Liabilities and Shareholders' Equity	1972	1971
Bank indebtedness (Note 10)	\$ 920,000	\$ 1,434,900
Accounts payable and accrued liabilities:		
On construction and development in progress	1,214,600	2,943,400
Other, including accrued interest	1,583,700	1,684,200
Provision for development costs (Note 11)	3,856,800	3,749,700
Amount payable under land purchase agreement, due February 1978	1,056,900	1,145,900
Sinking fund debentures (Note 12)	10,000,000	7,000,000
Mortgages payable (Note 13)	33,294,600	32,762,300
Deferred income taxes (Note 4)	4,705,000	3,648,000
	56,631,600	54,368,400
Shareholders' equity:		
Capital stock (Note 14) —		
Authorized — 6,000,000 common shares, no par value		
Issued — 3,944,299 shares (1971 — 3,652,294 shares)	20,614,600	18,590,600
Retained earnings	3,590,500	2,606,000
	24,205,100	21,196,600
	<u>\$80,836,700</u>	<u>\$75,565,000</u>



# Markborough Properties Limited

## Consolidated Statement of Source and Application of Cash

For the Year Ended October 31, 1972

(with comparative figures for 1971)

	1972	1971
<b>Cash was provided from:</b>		
Operations —		
Net income for the year	\$ 984,500	\$ 540,100
Add expenses included therein not requiring a current outlay of cash —		
Depreciation	578,900	565,400
Income taxes, deferred	1,057,000	517,000
	<u>2,620,400</u>	<u>1,622,500</u>
Mortgages on income properties and land	1,985,500	2,935,500
Land, development and related costs realized through sales	5,220,300	2,622,600
Proceeds from sale of sinking fund debentures	3,000,000	7,000,000
Proceeds from issue of common shares	2,024,000	—
<b>Total cash provided</b>	<u>14,850,200</u>	<u>14,180,600</u>
<b>Cash was applied to:</b>		
Increase in accounts, mortgages and other secured receivables	2,666,200	2,248,900
Decrease (increase) in other liabilities	1,934,200	(3,677,800)
Income property construction	2,468,800	4,774,800
Land —		
Acquisition	746,400	2,128,900
Development and related costs	4,322,000	5,486,000
Carrying charges	744,500	951,500
Mortgage principal repayments —		
Income properties	337,100	309,600
Land	1,116,100	2,058,400
<b>Total cash applied</b>	<u>14,335,300</u>	<u>14,280,300</u>
<b>Net incoming (outgoing) cash</b>	<u>\$ 514,900</u>	<u>\$ (99,700)</u>

# Notes to Consolidated Financial Statements October 31, 1972

## 1. Revenue from income properties:

Revenue from income properties includes gross rental revenue from all the Company's properties except Regina Centre. Amounts relating to this operation have been included after deducting direct operating expenses.

## 2. Depreciation policy:

The buildings included in income properties are being depreciated on a 3%, 40 year sinking fund basis. Under this method depreciation is charged to income in an amount which increases annually, consisting of a fixed charge together with interest compounded at the rate of 3% per annum, so as to fully depreciate the buildings over a 40 year period. Equipment is being depreciated at 15% on a straight-line basis.

## 3. Profit from land operations:

The Company's accounting policies comply with guidelines published by the Ontario Securities Commission relating to the recognition of profits in real estate transactions.

## 4. Deferred income taxes:

In calculating taxable income the Company avails itself of certain provisions of the Income Tax Act to eliminate taxes currently payable, and as a result all provisions for income taxes to date are shown in the balance sheet as deferred income taxes. Based on the Company's projections of future taxable income, it is unlikely that any portion of these deferred taxes will be payable before 1976.

## 5. Additional income taxes:

The additional tax provision results from a higher than normal tax liability incurred on certain lands sold during the year. These lands were acquired on amalgamation in 1965 and have been carried in the accounts at values in excess of those recognized for tax purposes (see Note 7). Accordingly, on these land sales income subject to tax exceeds that recorded in the Company's accounts.

## 6. Mortgages and other secured receivables:

Mortgages and other secured receivables, which arise from land transactions, bear interest from 6½ % to 10% and mature as follows:

Fiscal year ending	
October 31, 1973	\$1,648,900
1974	1,529,600
1975-1978	2,881,700
	<u>\$6,060,200</u>

Under certain conditions the amounts due may be paid prior to maturity.

## 7. Valuation of land and income properties:

On August 12, 1965 Markborough Limited and Highbury Properties Limited amalgamated under the Ontario Corporations Act to form Markborough Properties Limited. Land originally held by Markborough Limited was recorded at cost. Land and income properties held by Highbury

Properties Limited were recorded at approximately \$1,800,000 less than the valuation at the date of amalgamation and approximately \$4,100,000 in excess of the values recognized for income tax purposes. The potential tax liability created by this excess was taken into account in arriving at the values used.

Part of the property to which this excess applied has been sold and as a result the balance has been reduced to approximately \$3,050,000 allocated as follows:

Income properties:	
Land	\$1,100,000
Buildings	<u>300,000</u>
	\$1,400,000
Land for sale or future development	<u>\$1,650,000</u>
	<u>\$3,050,000</u>

The increment shown above relating to income properties will not result in additional taxes unless the properties are sold. At the present time it is not the Company's intention to sell these properties.

The land for sale or future development subject to the increment is part of the Company's Meadowvale project. It is estimated that sales in this part of the project will extend over a twelve to fifteen year period and additional taxes of approximately \$800,000 will be charged to income over that period.

Additions to land and income properties since August 12, 1965 are at cost which includes pre-development expenses and carrying charges (interest and real estate taxes). Carrying charges accumulated to date on land for future development amount to \$3,016,000, including \$724,000 in the current year.

## 8. Land for sale:

The Company adopts the practice, customary in the industry, of recording in its accounts as land for sale, the estimated cost on a fully developed basis of those parcels of land on which the planning, engineering, servicing and governmental authorization procedures are completed to the point that the land can be regarded as available for sale. The amount shown includes raw land costs and full provision for complete development costs as estimated. The unexpended portion of the estimated development costs is carried as a liability (see Note 11).

## 9. Construction in progress:

Construction in progress includes the Duncan Mill Road office building of 170,000 gross square feet and four industrial buildings totalling 197,000 square feet. The estimated cost to complete construction of these projects is approximately \$950,000. Permanent financing of \$530,000 to be drawn down in 1973 has been arranged on two of the industrial buildings and financing on the remaining projects will be arranged in due course.

## 10. Bank indebtedness:

Bank indebtedness is secured by demand debentures creating a first floating charge on the assets of the Company and ranking ahead of the security for the sinking fund debentures (Note 12).



**11. Provision for development costs:**

The Company estimates and provides for the full cost of servicing subdivisions currently under development. The provision for development costs is the unexpended portion of these estimates.

**12. Sinking fund debentures:**

The sinking fund debentures, authorized at \$10,000,000 and secured by a floating charge on the assets of the Company (subject to the security referred to in Note 10), bear interest at 8½ % and are repayable in 1977 to 1986 inclusive, at \$1,000,000 per year. In addition, the principal outstanding at any time may be reduced by the exercise of the share warrants issued in connection with these debentures (see Note 14(b)).

**13. Mortgages payable:**

Mortgages payable comprise the following:

On land for sale, at an interest rate of 8% and maturing in 1974	\$ 148,000
On land for future development, at an average interest rate of 7.5% with varying repayment terms and maturing by 1991	9,263,700
On income properties, at an average interest rate of 7.5% payable in equal instalments of principal and interest and maturing by 2003	23,882,900
	<u>\$33,294,600</u>

Mortgages on income properties include \$5,190,000 payable in United States funds converted at the exchange rates prevailing when the funds were received. Based on the October 31, 1972 exchange rate, the Company's liability on these mortgages is approximately \$460,000 less than the amounts recorded. This amount will be taken into income if and when realized. Principal repayments are due approximately as follows:

Fiscal year ending	
October 31, 1973	\$ 1,239,000
1974	2,347,400
1975	1,042,500
1976	1,199,600
1977	1,031,300
Subsequent to	
October 31, 1977	26,434,800
	<u>\$33,294,600</u>

**14. Capital stock:**

(a) In connection with the public offering in 1967 of 1,200,000 common shares, warrants were issued entitling the holders thereof to purchase - 300,000 common shares of the Company at a price of \$7 if exercised on or before August 1, 1972. During the current fiscal year 279,405 warrants were exercised and a corresponding number of shares were issued for a total cash consideration of \$1,955,835. The balance of these warrants, representing 20,595 common shares, have expired.

(b) In connection with the issue of \$7,000,000 sinking fund debentures in 1971, warrants were issued during that year entitling the holders thereof to purchase 400,000 common shares of the Company at a price of \$8 if exercised on or before January 30, 1977 and thereafter at a price of \$9.50 if exercised on or before January 30, 1982. On the issue of the remaining \$3,000,000 sinking fund debentures during the current fiscal year, warrants were issued entitling the holders thereof to purchase an additional 171,429 common shares at a price of \$8 if exercised on or before January 30, 1978 and thereafter at a price of \$9.50 if exercised on or before January 30, 1983. For the purpose of these warrants, 571,429 common shares have been reserved.

The above warrants may be exercised by an equivalent reduction in outstanding sinking fund debentures, at the holders' option.

(c) During the year ended October 31, 1972, options on 8,000 shares at \$5 per share were granted to employees. On the exercise of options during the year, the Company issued 12,600 common shares for a total cash consideration of \$68,100. At October 31, 1972 options to purchase 36,400 shares at \$5 (expiring 1976 to 1981) and 6,800 shares at \$5.85 (expiring 1978) were outstanding. A further 9,000 shares are reserved for granting of future options.

(d) If the warrants and options referred to above were exercised and the funds derived invested at 7%, there would be no dilutive effect on the Company's earnings per share.

**15. Joint ventures and subsidiaries:**

(a) Six of the Company's income properties, including one property under construction, and one parcel of land for future development are co-owned with other corporations under joint venture agreements. In such cases, the consolidated financial statements include only the Company's share of the assets, liabilities, revenues and expenses. The Company is contingently liable at October 31, 1972 for \$7,178,000, representing the liabilities in the joint ventures of its co-owners but against such contingent liability the Company would have a claim upon the joint venture assets of its co-owners. The value of these joint venture assets exceeds the contingent liability.

(b) The Company has two subsidiary companies, both wholly owned; Northhaven Farms Limited, which farms the Company's land for future development, and Canada Centre Development Corp. Ltd., which is inactive. The consolidated financial statements include the accounts of these subsidiaries.

**16. Remuneration to directors and senior officers:**

The aggregate direct remuneration paid or payable to the directors and seven senior officers of the Company as defined in the Ontario Business Corporations Act (six in 1971) in respect of the year ended October 31, 1972 was \$298,000 (1971 — \$201,000).





## **Markborough Properties Limited**

Head Office: 50 Holly Street, Toronto, Ontario M4S 2E9

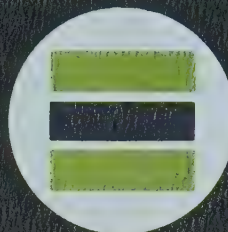
## Consolidated Statement of Source and Application of Cash

For the Six Months Ended April 30, 1972 (Unaudited)

(with comparative figures for the six months ended April 30, 1971)

	1972	1971
<b>Cash was provided from:</b>		
Operations		
Net income for the period	\$ 753,300	\$ 32,600
Add expenses included therein not requiring a current outlay of cash:		
Depreciation	287,400	283,700
Income taxes, deferred	827,000	24,000
	<u>1,867,700</u>	<u>340,300</u>
Mortgages on income properties and land	785,000	1,150,900
Land, development and related costs realized through sales	4,534,700	—
Proceeds from sale of sinking fund debentures	3,000,000	—
Proceeds from sale of common shares	23,900	—
Total cash provided	<u>10,211,300</u>	<u>1,491,200</u>
<b>Cash was applied to:</b>		
Income property construction	954,200	1,926,100
Increase (decrease) in accounts, mortgages and other secured receivables	3,762,800	(220,300)
Land:		
Acquisition	216,800	1,342,400
Development and related costs	2,172,600	603,000
Carrying charges	377,900	397,700
Decrease (increase) in other liabilities	1,325,700	(176,700)
Mortgage principal repayments:		
Income properties	162,700	148,800
Land	492,300	380,800
Total cash applied	<u>9,465,000</u>	<u>4,401,800</u>
<b>Net incoming (outgoing) cash</b>	<u>\$ 746,300</u>	<u>\$(2,910,600)</u>

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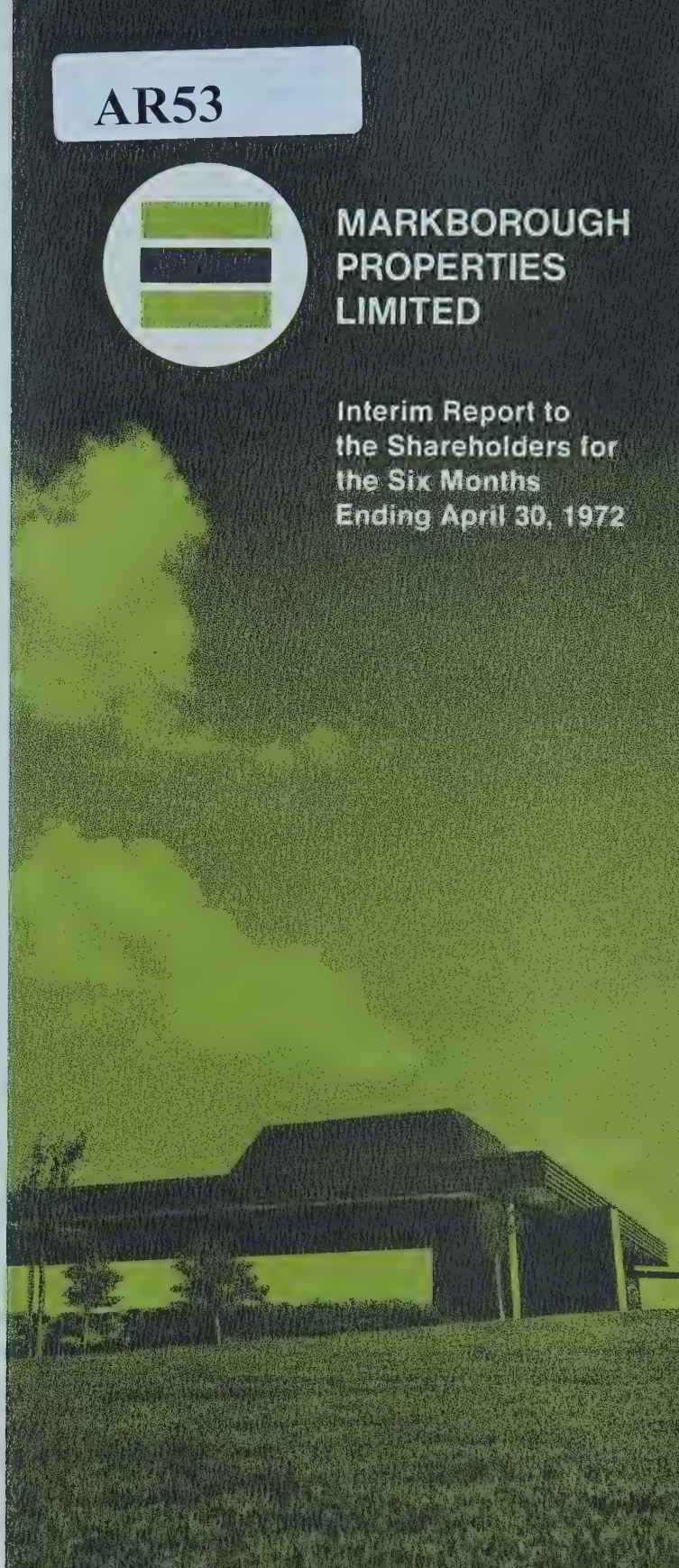


**MARKBOROUGH  
PROPERTIES  
LIMITED**

**Interim Report to  
the Shareholders for  
the Six Months  
Ending April 30, 1972**

**Markborough Properties Limited**  
50 Holly Street, Toronto 7, Ontario

Front cover:  
Meadowvale Information Pavilion





**Dear Shareholder:**

I am pleased to report our unaudited results for the six months ended April 30, 1972. Profit after full provision for income taxes was \$753,300 compared to \$32,600 for the same period in 1971. This improvement is primarily due to land sales in the South Community of our Meadowvale Project although income property profit also showed a satisfactory 13% increase. Additional land sales will be booked in the second half of the year, but they will be substantially less than those included in the accompanying statements.

The Meadowvale development is proceeding well and on schedule. Builders' model homes are now available for inspection and over 100 house sales have taken place. A major pharmaceutical manufacturer has recently purchased a 5-acre site in the industrial park. Our Information Pavilion on Mississauga Road south of Highway 401 has proven most successful. I hope many of you will find it possible to visit this facility. Draft plans for 270 acres, the first two phases in the West Community, have been submitted and from past experience they should be registered in 1973. Additional draft plans are being prepared and we hope that three of these, covering over 400 acres and including the Town Centre will be submitted later on this year.

We are aggressively introducing our Duncan Mill Road office building in Metropolitan Toronto to prospective tenants. Although this building is attractively sited and conveniently located, no space has as yet been leased since the market for rental office space in the city is very slow at this time.

Activity in our Industrial Division continues strong. We have taken two buildings on stream since the beginning of the year and we have started construction of three new buildings totalling 140,000 sq. ft.

You will note from the Source and Application of Cash Statement that the additional \$3 million in sinking fund debentures which we negotiated in 1971 were taken down during the period. This increases the Company's total debenture debt to \$10 million.

We are continuing to examine additional income property and land development opportunities which will enlarge the earnings base of the Company. These investments will be made if they are within our resources and if the prospects for success seem favourable.

May 16, 1972

B. R. B. Magee, President.

## Consolidated Statement of Income and Expenses

For the Six Months Ended April 30, 1972 (Unaudited)

(with comparative figures for the six months ended April 30, 1971)

	1972	1971
Revenue from income properties	\$2,585,100	\$2,469,700
Less:		
Operating expenses	643,800	566,300
Mortgage and other interest	849,300	814,100
Realty taxes	455,600	496,900
Depreciation	287,400	283,700
	<u>2,236,100</u>	<u>2,161,000</u>
Profit from income properties	349,000	308,700
Revenue from land operations	6,033,600	—
Less cost	4,534,700	—
Profit from land operations	1,498,900	—
Interest and other income	111,000	64,100
<b>Income before general and administrative expenses</b>	1,958,900	372,800
General and administrative expenses:		
Executive and office salaries	167,100	154,800
Bank interest	52,000	4,000
Other	159,500	157,400
	<u>378,600</u>	<u>316,200</u>
<b>Net income before income taxes</b>	1,580,300	56,600
Provision for income taxes, deferred:		
Regular	764,000	24,000
Additional (See Note 1)	63,000	—
	<u>827,000</u>	<u>24,000</u>
<b>Net income for the period</b>	<u>\$ 753,300</u>	<u>\$ 32,600</u>
<b>Earnings per share —</b>		
On shares outstanding (weighted average)	<u>20.6¢</u>	<u>.9¢</u>
On fully diluted basis (See Note 2)	<u>19.2¢</u>	<u>.9¢</u>
Cash flow per share	<u>51.1¢</u>	<u>9.3¢</u>

### Notes:

1. The additional tax provision results from a higher than normal tax liability incurred on certain lands developed and sold during the period. These lands were acquired in 1965 on amalgamation and as noted in the Company's year-end audited statements, have been carried in the accounts at a value in excess of that recognized for tax purposes.

2. Diluted earnings per share are based on the exercise of all outstanding warrants and options to purchase shares in the Company, assuming the funds derived are invested at 7%. The amount of such imputed income after taxes is \$116,000.

## Consolidated Statement of Retained Earnings

For the Six Months Ended April 30, 1972 (Unaudited)

(with comparative figures for the six months ended April 30, 1971)

	1972	1971
Retained earnings at beginning of period	\$2,606,000	\$2,065,900
Net income for the period	753,300	32,600
<b>Retained earnings at end of period</b>	<u>\$3,359,300</u>	<u>\$2,098,500</u>

**MARKBOROUGH PROPERTIES LIMITED**  
(incorporated under the laws of Ontario)

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS 1972**

Take notice that the Annual and a Special Meeting of Shareholders of Markborough Properties Limited will be held in the Alberta Room, Royal York Hotel, Toronto, Canada, at 11:00 a.m. on Tuesday, February 22, 1972, for the following purposes:

- (1) to receive the annual report of the directors and the financial statements for the year ended October 31, 1971;
- (2) to consider and if thought fit to confirm, with or without variation, By-law No. 10 being a by-law respecting the remuneration of directors;
- (3) to consider and if thought fit to confirm, with or without variation, Special By-law No. 11, being a by-law decreasing the number of directors from 22 to 20 of whom 8 will constitute a quorum for the transaction of business;
- (4) to elect directors;
- (5) to appoint auditors and authorize the directors to fix their remuneration; and
- (6) to transact such other business as may properly be brought before the meeting.

By-laws Nos. 10 and 11 are described on page 4 of the attached Information Circular which is made part of this Notice. A copy of the By-laws will be made available to any shareholder at or prior to the meeting upon receipt of his request therefor.

50 Holly Street,  
Toronto 7, Ontario  
January 31, 1972

By order of the Board,  
R. C. BROWN  
Secretary

---

We ask that you promptly sign, date and return the enclosed proxy in the self addressed envelope if it is not your intention to be present at the Meeting. If you are personally present at the Meeting, and desire to do so, you may withdraw your proxy and vote in person.



## INFORMATION CIRCULAR

### Revocability of Proxy

A shareholder who has given a proxy may revoke it by executing either a proxy bearing a later date or a written notice of revocation and delivering the same to the Secretary of the Company.

### Persons or Companies Making the Solicitation

This solicitation of proxies is made on behalf of the management of Markborough Properties Limited (hereinafter called "the Company") for use at the Annual and Special Meeting of the Shareholders of the Company to be held on February 22, 1972 (hereinafter called "the Meeting") and at every adjournment thereof. The cost of the solicitation will be borne by the Company.

### Interest of Certain Persons and Companies in Matters to be Acted Upon

The management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise of any director or senior officer of the Company, any proposed nominee for election as a director of the Company or any associate of any such person in any matter to be acted upon at the Meeting other than the election of directors.

### Voting Shares and Principal Holders Thereof

On January 4, 1972 there were outstanding 3,652,294 shares of the Company, all of which, together with any additional shares which may be issued by February 22, 1972, are entitled to be voted at the Meeting. Each shareholder is entitled to one vote for each share registered in his name at the date of the Meeting. Neither the directors nor senior officers of the Company knows of any person or company owning, directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the Company.

### Election of Directors

Subject to confirmation of Special By-law No. 11, the Board will consist of 20 directors to be elected annually. The following table sets out the name of each of the persons proposed to be nominated for election as a director; his principal occupation at the date hereof; all positions and offices in the Company held by him; the year in which he was first elected a director; and the approximate number of shares of the Company that he has advised are beneficially owned by him, directly or indirectly, as of January 4, 1972. Each of such persons is a director and, except as set forth in the notes to the table, each has served continuously in that capacity since his first election.

<u>Name</u>	<u>Principal Occupation</u>	<u>Director since</u>	<u>Approximate number of Shares owned as of January 4, 1972</u>
*Donald S. Anderson	Chairman and Chief Executive Officer, Metro Centre Developments Limited (real estate)	1968	3,000
Ronald C. Brown	Secretary of the Company and a partner, Messrs. Blake, Cassels & Graydon (barristers & solicitors)	1965**	98
Reginald L. Friend	Vice President, Investors Syndicate Limited (investments)	1965	1
Richard H. Gane	Managing Director, George Wimpey & Co., Limited (construction)	1965	2
Dr. James M. Gillies	Dean, Faculty of Administrative Studies, York University	1966	502
*Alexander R. Grant	President, George Wimpey Canada Limited (construction)	1965	2
*Gordon C. Gray	President, A. E. LePage Limited (real estate)	1965	1,642
The Right Honourable Viscount Hardinge	Honorary Chairman, Greenshields Incorporated (investment dealer)	1968	1,000
H. Peter Langer	Executive Vice President of the Company	1966	568
*Douglas S. Lyall	Vice President Finance, Gulf Oil Canada Limited (petroleum products)	1965	1,000



*Brian R. B. Magee	President of the Company and Chairman of the Board, A. E. LePage Limited (real estate)	1965	44,196
David B. Mansur	Chairman of the Board, Kinross Mortgage Corporation (mortgage investments)	1967	1
Alan R. Marchment	Vice President Finance, The T. Eaton Company Limited (department stores)	1967	2,500
Peter M. McEntyre	President, Commercial Trust Company Limited (trust company)	1967	2,000
John C. Neely	President, Alcan Design Homes Limited (house building)	1965	2
John H. Panabaker	Executive Vice President, The Mutual Life Assurance Company of Canada (life insurance)	1965	252
David W. Pretty	Executive Vice-President, North American Life Assurance Company (life insurance)	1966	400
Donald F. Prowse	Executive Vice President of the Company	1967	102
E. Duff Scott	Vice President, Greenshields Incorporated (investment dealer)	1968	100
John L. Toole	Chairman, CN Investment Division, Vice President, Canadian National Railways (transportation)	1965	2

\*Member of the Executive Committee

\*\*Mr. R. C. Brown was not a director from April, 1966 to April, 1967.

### Remuneration of Management and Others

The following information is furnished as to the remuneration of management and others:

- (1) Aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company during the last completed financial year of the Company: \$201,000  
No pension benefits are payable to senior officers or directors except under the Canada Pension Plan.
- (2) Since the commencement of the last completed financial year of the Company, senior officers of the Company have been granted options to purchase shares of the Company as follows:

Shares Optioned	Date of Grant	Price Per Share	Expiration Date	Price Range During 30 day period Prior to Date of Grant	
				High	Low
20,000	December 22, 1970	\$5.00	December 21, 1980	\$5.25	\$4.55
5,000	December 13, 1971	5.00	December 12, 1981	4.95	4.65

### Interest of Management in Certain Transactions

By agreement dated June 1, 1970 between the Company and A. E. LePage Limited, 50 Holly Street, Toronto 7, Ontario, provision was made for the payment of \$57,000 during the period of twelve months ended April 30, 1971 for the services of a senior officer and for consulting services. By agreement dated April 22, 1971 such agreement was extended to April 30, 1972.

In connection with the issue by the Company of \$10,000,000 principal amount of its sinking fund debentures (\$7,000,000 on July 9, 1971 and \$3,000,000 on January 4, 1972) accompanied by share purchase warrants entitling the holder thereof to purchase 571,429 common shares of the Company, A. E. LePage Limited was paid an agency fee of \$100,000.

Mr. Magee and Mr. Gray, directors of the Company, are senior officers, directors and shareholders of A. E. LePage Limited, and as such have an interest in such contracts with A. E. LePage Limited.

In the ordinary course of business, the Company has retained A. E. LePage Limited to manage certain of its investment properties and from time to time has paid real estate commissions to A. E. LePage Limited for its services in real estate transactions.



### **Appointment of Auditors**

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Price Waterhouse & Co., Chartered Accountants, at a remuneration to be fixed by the Board. Messrs. Price Waterhouse & Co. have been auditors of the Company since 1965.

### **Particulars of Matters to be Acted Upon**

The Meeting has been called as a Special Meeting of Shareholders for the purpose of considering and if thought fit confirming with or without variation, By-law No. 10 enacted by the Board on December 7, 1971 and Special By-law No. 11 enacted by the Executive Committee of the Board on January 27, 1972.

#### ***By-law No. 10***

By-law No. 10 relates to the remuneration of directors. It provides that each director of the Company shall be paid for his services as director (a) a fee of \$300 for each meeting of the Board and for each meeting of any committee of the Board (including meetings of the executive and audit committees) attended by him; and (b) reimbursement for his expenses in attending each meeting of the Board or of any Committee of the Board. This by-law will not become effective unless confirmed by a majority of the votes cast at the Meeting.

#### ***Special By-law No. 11***

Special By-law No. 11 decreases the number of directors of the Company from 22 to 20 of whom 8 will constitute a quorum for the transaction of business at any meeting of the Board. This by-law will not become effective unless confirmed by at least two thirds of the votes cast at the Meeting.

### **General**

The persons named in the enclosed form of proxy are directors of the Company. **A shareholder has the right to appoint a person to represent him at the Meeting other than the persons designated in the enclosed form of proxy** and may do so either by inserting such person's name in the blank space provided in such form and deleting the names printed in such form or by completing another proper form of proxy and, in either case, delivering such proxy to the Secretary of the Company.

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form will be voted. **Such shares will be voted for the election as directors of the persons designated in this Information Circular as nominees for such office.** The management of the Company does not contemplate that any of the proposed nominees will be unable to serve as a director but, in the event that a proposed nominee does not stand for election or is unable to serve, proxies may be voted for another nominee designated by the Board of Directors. Where the shareholder executing such proxy specifies a choice with respect to any matter to be acted upon at the Meeting, other than the election of directors and the appointment of auditors, such shares will be voted in accordance with any specification so made. In the absence of such specifications, **such shares will be voted for the confirmation of By-laws Nos. 10 and 11.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters which may properly come before the Meeting. At the date of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting; however, if any of the same should be presented the proxies will be voted thereon in accordance with the best judgment of the persons voting the proxies.

As of January 4, 1972

MARKBOROUGH PROPERTIES LIMITED